

Appendix B: Fiscal Impact Analysis

Prepared by Economic Research Associates



Economics Research Associates

Memorandum – Final

Date: April 14, 2006
To: Dyett & Bhatia
From: Economics Research Associates
RE: Fiscal Analysis of Milpitas Transit Area Specific Plan Alternatives
CC: Project File 16105

Introduction

The City of Milpitas retained the planning team led by Dyett and Bhatia to prepare the Transit Area Specific Plan. Economics Research Associates (ERA) is serving as the planning economist on the Dyett & Bhatia team. The Specific Plan covers a 437-acre area and includes the Great Mall and nearby properties surrounding the Montague Expressway and Great Mall Parkway intersection. This area now contains two VTA light rail stations and will in the future contain the Milpitas BART station on the BART extension connecting Fremont to San Jose and Santa Clara.

ERA's role in this plan development process contains three parts: 1) to forecast real estate market outlook for the purpose of shaping realistic planning alternatives, 2) to evaluate the fiscal implications of the alternatives on the City of Milpitas, and 3) to suggest a set of financing strategies that will facilitate plan implementation. This memorandum provides the fiscal impact analysis of planned land use changes on the City of Milpitas General Fund and the Milpitas Redevelopment Agency tax increment collection. This memorandum builds upon ERA's previous memorandum, covering the projected market demand for future land uses, that served as input into the development of Specific Plan alternatives.

Subareas for Fiscal Impact Analysis

From a fiscal analysis perspective, this 437-acre Transit Specific Plan Area can be viewed as three different subareas:

The Great Mall Redevelopment Area

This 146-acre area is essentially built-out. Mills Corporation, a major shopping center company, recently acquired the Great Mall and is in the process of renovation and re-tenanting. The Mills Corporation strategy, which takes advantage of a strong South Bay housing market leading to more trade area population with higher incomes, will lead to increased sales at the Great Mall over the next four or five years. Assuming Mills is successful, the Great Mall could increase its sales by as much as 40 to 50 percent over its 2003 low point. However, the improvements to the Great Mall are expected regardless of the land use policies pursued for the balance of the area; and for this reason the fiscal changes to the Great Mall Subarea are excluded from this impact analysis of planning alternatives. In addition, this redevelopment area has not been established to collect property tax increments.

Other Redevelopment Area

Much of the balance of the Transit Area is in Milpitas Redevelopment Agency's Project Area No. 1 and operated under Amendment No. 8, which was adopted in 2003. The land area in this category totals 245 acres. This area essentially includes all of the Specific Plan Area with the exception of the Great Mall Subarea and the Piper Montague Subarea. Most of the new development expected within the Specific Plan Area will take place within this subarea, which is currently dominated by industrial and R & D land uses.

The Piper Montague Subarea

This 46-acre subarea, currently in industrial and rail yard uses, is outside of any designated redevelopment area. The distinction between properties inside versus outside of redevelopment areas is an important one for fiscal analysis because property tax collections are distributed very differently.

Alternatives and Their Fiscal Impacts

Alternative A: 7,164 Housing Units & \$550 CFD

Total Housing Units	7,164
Hotel Units	350
Office Space in SF	800,000
Retail Space in SF	500,000
Cumulative Fiscal Impact from 2006 through 2030 in Millions	
New Tax Increment Revenue for Redevelopment Agency	\$403
Additional General Fund Cost & Revenue for City	

New Property Taxes	\$55
New Sales Tax	\$57
New Transient Occupancy Tax	\$39
New CFD Revenue (\$550 per unit annual assessment)	\$83
New Service Cost	<u>(\$232)</u>
Net Cumulative Cost Revenue Balance 2006-2030	\$2.5

Combined RDA and General Fund Impact **\$406**

Alternative B: 5,500 Housing Units & \$350 CFD

Total Housing Units	5,500
Hotel Units	350
Office Space in SF	800,000
Retail Space in SF	500,000

Cumulative Fiscal Impact from 2006 through 2030 in Millions

New Tax Increment Revenue for Redevelopment Agency	\$303
Additional General Fund Cost & Revenue for City	
New Property Taxes	\$50
New Sales Tax	\$54
New Transient Occupancy Tax	\$39
New CFD Revenue (\$350 per unit annual assessment)	\$41
New Service Cost	<u>(\$183)</u>
Net Cumulative Cost Revenue Balance 2006-2030	\$1
Combined RDA and General Fund Impact	\$304

Conclusions and Land Use Policy Implications

Alternative A

Under the higher housing alternative, which is designed for maximum future transit ridership, the Milpitas Redevelopment Agency collects \$403 million in tax increment revenue over the next 25 years resulting from fairly high-density housing and other development. This strategy allows the Milpitas Agency to meet its remaining \$87 million obligation to Santa Clara County which needs to be paid over the next 18 years. In addition, the Agency would have considerable resources to provide much need capital improvements that make this Transit Area a more desirable community, including the important pedestrian pathways that will link future neighborhoods to the transit stations.

However, because of the large added population and employment requiring municipal services, the Milpitas General Fund will run a substantial deficit and the annual CFD assessment would need to be set at \$550 per new units for this alternative to not show a General Fund deficit. The cumulative fiscal impact over the 2006 through 2030 period for the City and Redevelopment Agency combined is a positive \$406 million.

Alternative B

Alternative B reduces the number of housing units to 5,500 with all the other development assumptions remaining the same as Alternative A. With this lower density alternative, the Milpitas Redevelopment Agency collects only \$303 million in tax increment revenue over the next 25 years, but the City's General Fund achieves an essentially breakeven position with the CFD annual assessment increasing to only \$350 for new units. The cumulative fiscal impact over the 2006 through 2030 period for the City and Redevelopment Agency combined is a positive \$304 million.

Policy Implications

In deciding on a final plan for the Transit Area, the City needs to balance regional transportation objectives with the Redevelopment Agency's tax increment needs and the General Fund's solvency requirements. Regardless of where the City decides that balance point to be, the following recommendations would improve the City's overall fiscal position going forward:

- Relative to their size, land requirement and traffic impact, hotel development is highly productive in terms of General Fund revenue. This Transit Area is likely to have two or three short windows of hotel development opportunity in terms of market demand. The Specific Plan should at minimum reserve two hotel sites for future development.

- Developers and operators of full service hotels, which typically command higher rates and generate more food and beverage sales tax revenue than limited service hotels, will likely find this Specific Plan Area much more attractive if future development includes a “lifestyle retail” district of pedestrian scale offering a wide variety of restaurants augmented by specialty shops and entertainment venues.
- Retail development, particularly life style retail, will be important not only for the new sales tax it can bring to the City but also because it will induce higher quality hotel and residential development. The higher quality development will bring more tax revenue over time relative to the required service cost. The best opportunity for retail development within this planning area is the area across Great Mall Parkway from the front entrance of the Great Mall.
- In the event the Specific Plan is to move toward lower densities, it would be fiscally superior for Milpitas to reduce densities in the Piper–Montague Subarea which is outside of any Redevelopment Areas.

The Fiscal Model

The fiscal model has been created in Microsoft Excel and is simply a set of twelve linked spreadsheets, with each performing one or more functions. The functions provided by each spreadsheet are summarized below, and the actual computations are attached for the two alternatives:

- Table 1: Input Assumptions and Output Conclusions. This table highlights basic project characteristics, such as number of acres inside and outside of redevelopment areas and input assumptions like rate of inflation, which is applied to all future dollars. In addition, it provides the assessed value per square foot for each type of development, tax rates and service cost estimates per resident or employee. The key input variables for the planning alternative, the cumulative land development assumptions from 2006 through 2030, are highlighted in the first box, and the analysis results are highlighted in the second box.
- Table 2: Municipal Service Cost and Revenue Analysis Assumptions. This table allocates the General Fund operating revenues and service costs by major line item to various development or demographic factors.
- Table 3: Computation of Net Service Cost per Resident or Employee. This table simply computes the cost per additional resident or employee based upon the allocations in Table 2.
- Table 4: Estimated Development Program Completion Schedule. Based upon the previous market analysis, this table allocates the development program completion schedule for each land use for redevelopment area and non-redevelopment area.

- Table 5: Cumulative New Development. This table cumulates the new development by land use and for both inside and outside the redevelopment area.
- Table 6: Population and Employment Growth from New Development. This table estimates the new population and employment generated by the new development.
- Table 7: Tax Increment Growth. The property tax increment generated by new development with the redevelopment area is estimated in this table. The estimating technique employs a simplifying computation. Due to Proposition 13, assessment growth for properties that do not resell are capped at two percent per year. However, as these properties are resold, the assessed value catches up to market value. Given that our assumed long-term inflation rate is 2.95 percent and only slightly higher than the Proposition constrained 2.0 percent per year, and there is the “catch-up” factor as properties resell, ERA employed the straight inflation factor as a simplifying assumption. Based upon experience with other analyses we know the more complex but theoretically correct model would not yield a materially different result for comparing land use alternatives.

The Redevelopment Agency’s share of new tax increment is governed by California Community Redevelopment Law, Chapter 6: Financial Provisions, Section 33607.5 Payment to affected taxing entities. A careful review of this law plus guidance on the actual application from the City’s Finance Director leads to the following tax increment share calculations for the Milpitas Redevelopment Agency. The key steps include: 1) A 20 percent low and moderate income housing set aside for all years is taken off the top; 2) An additional 20 percent of the total is passed through to all other taxing entities including the City of Milpitas General Fund with a 19 percent share of this amount; 3) A new base year is declared in year 10; 4) For the increment above this new higher base year amount, an additional 21 percent is passed through to other taxing jurisdictions with no share for the City of Milpitas; 5) A second new base year is declared for year 30; 6) A 14 percent of the increase flow above this second base year amount is passed through to other taxing entities again with no share for the City of Milpitas.

- Table 8: New Property Tax for Non Redevelopment Area. This table estimates the additional property tax generated by new development within the Piper–Montague Subarea which is outside any redevelopment area. The City’s share of the County collected property tax is only 19 percent for this area, and the output of this table is also fed back into Table 1.
- Table 9: New Sales Tax. This table estimates the sales tax generated by new retail, residential and employment development. It considers the expected taxable sales of the new retail space and the new resident and employee generated taxable retail sales that are captured by Milpitas retailers other than the new retail development within the Specific Plan Area. The output is fed back into the first table.

- Table 10: Transient Occupancy Tax from Hotel Development. This table not only estimates the City transient occupancy tax collection (TOT) from one or two new hotels in the Specific Plan Area but also estimates the sales tax generated by the hotel food and beverage service. The hotel sales tax is fed into Table 9.
- Table 11: New CFD Assessments from New Housing Development. Milpitas has recently instituted a citywide community facilities district (CFD) assessment on new residential units. This annual assessment per new residential unit is currently set at \$310.61, and it increases yearly at the higher of the Bay Area Consumer Price Index (CPI) or two percent.
- Table 12: Additional Municipal Service Cost. This table calculates the increase in Milpitas General Fund service cost based upon Specific Plan Area population and employment growth. It simply combines the per capita net expenditure computations in Table 3 with the population and employment growth forecasts in Table 6.

MILPITAS TRANSIT AREA SPECIFIC PLAN FISCAL ANALYSIS

14-Apr-06

Alternative A: 7,164 Housing Units & \$550 CFD

Economics Research Associates

Incorporates Comments by Emma Karlen, Finance Director

Table 1

MILPITAS TRANSIT AREA FISCAL ANALYSIS: INPUT ASSUMPTIONS & OUTPUT CONCLUSIONS
Alternative A: 7,164 Housing Units & \$550 CFD

Inflation Rate 2006-2030	2.95%	ERA Assumption
TOTAL PROJECT AREA (Acres)	437	Dyett & Bhatia
Great Mall Redevelopment Area	146	Dyett & Bhatia
Other Redevelopment Area	245	Dyett & Bhatia
Piper Montague (Outside RDA Area)	46	Dyett & Bhatia

BUILD-OUT ASSUMPTIONS BY 2030: MODEL INPUT

Total Housing Units	7,164	Dyett & Bhatia & City of Milpitas
Hotel Units	350	Dyett & Bhatia Based Upon ERA Market Analysis
Office Space in SF	800,000	Dyett & Bhatia Based Upon ERA Market Analysis
Retail Space in SF	500,000	Dyett & Bhatia Based Upon ERA Market Analysis

Rental and Below Market Housing

Number of Units	1,791	25% of total units
Average Unit Size (NSF)	960	ERA Market Based Assumption
Average Unit Size (GSF)	1,091	ERA Market Based Assumption
Assessed Value per SF	\$175	Represents Mostly Below Market Housing
Assessed Value per Unit	\$190,909	Represents Mostly Below Market Housing

Market Rate Owner Housing

Number of Units	5,373	75% of total units
Average Unit Size (NSF)	1,760	ERA Market Based Assumption
Average Unit Size (GSF)	2,000	ERA Market Based Assumption
Assessed Value per SF	\$325	ERA Market Based Assumption
Avg Sales Price in 2006	\$572,000	ERA Market Based Assumption

Office Space

Number of Buildings	NA	ERA Market Based Assumption
Total Size in GSF	800,000	ERA Market Based Assumption
Assessed Value per SF (2006 dollars)	\$340	ERA Market Based Assumption

Retail Space

Number of Buildings	NA	
Total Size in GSF	500,000	ERA Market Based Assumption
Assessed Value per SF (2006 dollars)	\$250	ERA Market Based Assumption
Retail Sales per SF per Year	\$325	ERA Market Based Assumption

Hotel

Number of Properties	1	ERA Market Based Assumption
Number of Rooms	350	ERA Market Based Assumption
Number of SF	217,000	Dyett & Bhatia
Room Rate in 2006 Dollars	\$145	ERA Market Based Assumption
Assessed Value per SF (2006 dollars)	\$300	ERA Market Based Assumption

OUTSIDE REDEVELOPMENT AREA - PIPER MONTAGUE SUBAREA ONLY (46 Gross Acres)

Number of Rental Housing Units	232	Average Density of 36 per Net Acre
Number of Owner Units	927	Average Density of 36 per Net Acre
Retail SF	20,000	Local Serving Retail

Table 1

MILPITAS TRANSIT AREA FISCAL ANALYSIS: INPUT ASSUMPTIONS & OUTPUT CONCLUSIONS**Alternative A: 7,164 Housing Units & \$550 CFD****WITHIN REDEVELOPMENT AREA - EXCLUDES PIPER MONTAGUE SUBAREA (391 Gross Acres)**

Number of Rental Housing Units	1,559	Project Area less Piper Montague
Number of Owner Housing Units	4,446	Project Area less Piper Montague
Number of Hotel Units	350	Project Area less Piper Montague
Amount of Retail Space	480,000	Project Area less Piper Montague
Amount of Office Space	800,000	Project Area less Piper Montague

KEY REVENUE & COST ASSUMPTIONS**Property Tax or Tax Increment**

RDA Tax Increment Share	60.00%	Years one through ten
RDA Tax Increment Share	43.20%	Years 11 through 30
General Fund Property Tax Share	19.00%	Applies only to Piper Montague Subarea
CFD Per Residential Unit per Year	\$550.00	Adjusted Annually by Higher of CPI or 2%

Taxable Retail Sales Generation

Per New Resident per Year	\$10,000	Total based countywide average
Per New Resident per Year	\$1,800	Amount Spent in New Project Area Retail Development ¹
Per New Resident per Year	\$3,500	Amount Spent in Great Mall & Other Parts of Milpitas
Per New Resident per Year	\$4,700	Leakage to Other Communities
Per New Employee	\$2,400	Total Associated with Place of Work
Per New Employee	\$1,000	Amount Spent in New Project Area Retail Development ¹
Per New Employee	\$1,400	Amount Spent in Great Mall & Other Parts of Milpitas

Transient Occupancy Tax

Tax Rate	8.0%	City Finance Department (Excludes 2% Dedicated to Library)
Hotel Occupancy Rate	70.0%	Long Term Stabilized Occupancy Rate

Net Service Cost Impact

Per New Resident	\$571	See Tables 2 & 3 for allocation and computation
Per New Employee	\$161	See Tables 2 & 3 for allocation and computation

SUMMARY OF FISCAL IMPACTS: CUMULATIVE 2006-2030 (in millions)

New Tax Increment Revenue for Redevelopment Agency	\$403.3
Additional General Fund Cost & Revenue for City	
New Property Taxes	\$55.1
New Sales Tax	57.4
New Transient Occupancy Tax	38.6
New CFD Revenue	83.0
New Service Cost	(231.6)
Net Cumulative Cost Revenue Balance 2006-2030	\$2.5
Combined RDA and General Fund Impact	\$405.8

Table 2

MUNICIPAL SERVICE COST AND REVENUE ANALYSIS ASSUMPTIONS**Alternative A: 7,164 Housing Units & \$550 CFD**

	Year End 6/30/05	
Revenues		
Property Tax	\$13,121,765	Based upon assessed value of new development
Sales Tax	14,270,542	Based upon sales in new retail space plus new population and employment generated
Other Taxes	8,607,569	50% allocated to TOT based upon new hotels & 50% allocated to businesses based upon employment
License & Fines	4,327,666	Attributed 80% to residents and 20% to employees
Interest and Others	1,069,010	Independent of new development and not used in analysis
Intergovernmental Revenue	971,726	Attributed 100% to residents
Charges for Services	3,804,800	Offset by planning & engineering costs and not used
Other Miscellaneous Revenues	163,236	Attributed 95% to residents & 5% to employees
Total General Fund Operations	\$46,336,314	
Expenses		
General Government	12,079,611	60% fixed cost with balance allocated 80% to residents and 20% to employees
Building Inspection	2,025,585	50% cost recovery with balance allocated 60% to residents and 40% to employees
Public Works	7,105,664	Allocated 80% to residents and 20% to employees
Engineering and Planning	3,653,106	Offset by charges for services
Recreation	4,198,701	Allocated 95% to residents & 5% to employees
Police	19,474,969	Allocated 83% to residents and 17% to employees
Fire	15,363,198	Allocated 75% to residents and 25% to employees
Total General Fund Operations	\$63,900,834	

Table 3

COMPUTATION OF NET MUNICIPAL SERVICE COST IMPACT PER NEW RESIDENT & EMPLOYEE**Alternative A: 7,164 Housing Units & \$550 CFD**

	Year End 6/30/05	Population = 66,000		Employees = 28,000	
		<u>Allocation</u>	<u>Per Capita</u>	<u>Allocation</u>	<u>Per Employee</u>
Revenues					
Property Tax	\$13,121,765				
Sales Tax	14,270,542				
Other Taxes	8,607,569			50%	154
License & Fines	4,327,666	80%	52	20%	31
Interest and Others	1,069,010				
Intergovernmental Revenue	971,726	100%	15		
Charges for Services	3,804,800				
Other Miscellenous Revenues	163,236	90%	2	10%	1
Total General Fund Operations	\$46,336,314		\$69		\$185
Expenses					
General Government	12,079,611	32%	59	8%	35
Building Inspection	2,025,585	30%	9	20%	14
Public Works	7,105,664	70%	75	30%	76
Engineering and Planning	3,653,106				
Recreation	4,198,701	95%	60	5%	7
Police	19,474,969	85%	251	15%	104
Fire	15,363,198	80%	186	20%	110
Total General Fund Operations	\$63,900,834		\$641		\$347
Net General Fund Cost Impact Per Person			\$571		\$161

Table 4

MILPITAS TRANSIT AREA: ESTIMATED NEWDEVELOPMENT PROGRAM COMPLETION SCHEDULE**Alternative A: 7,164 Housing Units & \$550 CFD**

<u>Year</u>	<u>Project Area Excluding Piper Montague (RDA Area)</u>								<u>Piper Montague Subarea (Outside RDA)</u>				
	<u>Rental Housing</u> <u>Unit</u>	<u>GSF</u>	<u>Owner Housing</u> <u>Units</u>	<u>GSF</u>	<u>Office</u> <u>GSF</u>	<u>Retail</u> <u>GSF</u>	<u>Hotel</u> <u>Units</u>	<u>GSF</u>	<u>Rental Housing</u> <u>Unit</u>	<u>GSF</u>	<u>Owner Housing</u> <u>Units</u>	<u>GSF</u>	<u>Retail</u> <u>GSF</u>
2006													
2007													
2008	68	73,952	193	386,577					23	25,292	77	154,560	
2009	68	73,952	193	386,577					23	25,292	77	154,560	
2010	68	73,952	193	386,577		288,000			23	25,292	77	154,560	
2011	68	73,952	193	386,577					23	25,292	77	154,560	20,000
2012	68	73,952	193	386,577	42,105		350	217,000	23	25,292	77	154,560	
2013	68	73,952	193	386,577	42,105				23	25,292	77	154,560	
2014	68	73,952	193	386,577	42,105				23	25,292	77	154,560	
2015	68	73,952	193	386,577	42,105				23	25,292	77	154,560	
2016	68	73,952	193	386,577	42,105	192,000			23	25,292	77	154,560	
2017	68	73,952	193	386,577	42,105				23	25,292	77	154,560	
2018	68	73,952	193	386,577	42,105						77	154,560	
2019	68	73,952	193	386,577	42,105						77	154,560	
2020	68	73,952	193	386,577	42,105								
2021	68	73,952	193	386,577	42,105								
2022	68	73,952	193	386,577	42,105								
2023	68	73,952	193	386,577	42,105								
2024	68	73,952	193	386,577	42,105								
2025	68	73,952	193	386,577	42,105								
2026	68	73,952	193	386,577	42,105								
2027	68	73,952	193	386,577	42,105								
2028	68	73,952	193	386,577	42,105								
2029	68	73,952	193	386,577	42,105								
2030	68	73,952	193	386,577	42,105								
Total	1,559	1,700,902	4,446	8,891,280	800,000	480,000	350	217,000	232	252,916	927	1,854,720	20,000

Table 5

MILPITAS TRANSIT AREA: CUMULATIVE NEW DEVELOPMENT**Alternative A: 7,164 Housing Units & \$550 CFD**

Year	Project Area Excluding Piper Montague (RDA Area)								Piper Montague Subarea (Outside RDA)				
	Rental Housing		Owner Housing		Office	Retail	Hotel		Rental Housing		Owner Housing		Retail
	Unit	GSF	Units	GSF	GSF	GSF	Units	GSF	Unit	GSF	Units	GSF	GSF
2006													
2007													
2008	68	73,952	193	386,577					23	25,292	77	154,560	
2009	136	147,905	387	773,155					46	50,583	155	309,120	
2010	203	221,857	580	1,159,732		288,000			70	75,875	232	463,680	
2011	271	295,809	773	1,546,310		288,000			93	101,167	309	618,240	20,000
2012	339	369,761	966	1,932,887	42,105	288,000	350	217,000	116	126,458	386	772,800	20,000
2013	407	443,714	1,160	2,319,464	84,211	288,000	350	217,000	139	151,750	464	927,360	20,000
2014	475	517,666	1,353	2,706,042	126,316	288,000	350	217,000	162	177,041	541	1,081,920	20,000
2015	542	591,618	1,546	3,092,619	168,421	288,000	350	217,000	185	202,333	618	1,236,480	20,000
2016	610	665,570	1,740	3,479,197	210,526	480,000	350	217,000	209	227,625	696	1,391,040	20,000
2017	678	739,523	1,933	3,865,774	252,632	480,000	350	217,000	232	252,916	773	1,545,600	20,000
2018	746	813,475	2,126	4,252,351	294,737	480,000	350	217,000	232	252,916	850	1,700,160	20,000
2019	813	887,427	2,319	4,638,929	336,842	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2020	881	961,379	2,513	5,025,506	378,947	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2021	949	1,035,332	2,706	5,412,083	421,053	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2022	1,017	1,109,284	2,899	5,798,661	463,158	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2023	1,085	1,183,236	3,093	6,185,238	505,263	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2024	1,152	1,257,188	3,286	6,571,816	547,368	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2025	1,220	1,331,141	3,479	6,958,393	589,474	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2026	1,288	1,405,093	3,672	7,344,970	631,579	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2027	1,356	1,479,045	3,866	7,731,548	673,684	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2028	1,424	1,552,997	4,059	8,118,125	715,789	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2029	1,491	1,626,950	4,252	8,504,703	757,895	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2030	1,559	1,700,902	4,446	8,891,280	800,000	480,000	350	217,000	232	252,916	927	1,854,720	20,000

Table 6

MILPITAS TRANSIT AREA: POPULATION & EMPLOYMENT GROWTH FROM NEW DEVELOPMENT
Alternative A: 7,164 Housing Units & \$550 CFD

<u>Year</u>	<u>Project Area Excluding Piper Montague (RDA Area)</u>							<u>Piper Montague Subarea (Outside RDA)</u>				<u>Total Net New</u>	
	<u>Rental Pop</u> <u>2.2/du</u>	<u>Owner Pop</u> <u>2.7/du</u>	<u>Office Emp</u> <u>One/260 sf</u>	<u>Retail Emp</u> <u>One/350 sf</u>	<u>Units</u>	<u>Hotel Emp</u> <u>One/Unit</u>	<u>Indus Emp</u> <u>15/Acre</u>	<u>Rental Pop</u> <u>2.2/du</u>	<u>Units</u>	<u>Owner Pop</u> <u>2.7/du</u>	<u>Retail Emp</u> <u>One/350 sf</u>	<u>Population</u>	<u>Employment</u>
2006													
2007													
2008	149	522						51	77	209		931	
2009	298	1,044					-110	102	155	417		1,861	-110
2010	447	1,566		823			-221	153	232	626		2,792	602
2011	597	2,088		823			-331	204	309	835	57	3,723	549
2012	746	2,609	162	823	350	350	-441	255	386	1,043	57	4,653	951
2013	895	3,131	324	823	350	350	-551	306	464	1,252	57	5,584	1,003
2014	1,044	3,653	486	823	350	350	-662	357	541	1,461	57	6,515	1,054
2015	1,193	4,175	648	823	350	350	-772	408	618	1,669	57	7,445	1,106
2016	1,342	4,697	810	1,371	350	350	-882	459	696	1,878	57	8,376	1,706
2017	1,491	5,219	972	1,371	350	350	-992	510	773	2,087	57	9,307	1,758
2018	1,641	5,741	1,134	1,371	350	350	-1,103	510	850	2,295	57	10,186	1,810
2019	1,790	6,263	1,296	1,371	350	350	-1,213	510	927	2,504	57	11,066	1,861
2020	1,939	6,784	1,457	1,371	350	350	-1,323	510	927	2,504	57	11,737	1,913
2021	2,088	7,306	1,619	1,371	350	350	-1,433	510	927	2,504	57	12,408	1,965
2022	2,237	7,828	1,781	1,371	350	350	-1,544	510	927	2,504	57	13,079	2,016
2023	2,386	8,350	1,943	1,371	350	350	-1,654	510	927	2,504	57	13,750	2,068
2024	2,535	8,872	2,105	1,371	350	350	-1,764	510	927	2,504	57	14,421	2,120
2025	2,684	9,394	2,267	1,371	350	350	-1,874	510	927	2,504	57	15,092	2,172
2026	2,834	9,916	2,429	1,371	350	350	-1,985	510	927	2,504	57	15,763	2,223
2027	2,983	10,438	2,591	1,371	350	350	-2,095	510	927	2,504	57	16,434	2,275
2028	3,132	10,959	2,753	1,371	350	350	-2,205	510	927	2,504	57	17,105	2,327
2029	3,281	11,481	2,915	1,371	350	350	-2,205	510	927	2,504	57	17,776	2,489
2030	3,430	12,003	3,077	1,371	350	350	-2,205	510	927	2,504	57	18,447	2,650

Table 7

MILPITAS TRANSIT AREA REDEVELOPMENT PORTION: TAX INCREMENT GROWTH**Alternative A: 7,164 Housing Units & \$550 CFD**

Inflation Rate = 2.95%		Assessed Value Per Built SF and by Land Use Excluding Piper Montague Subarea					Total AV From New Developmt	Net AV Gain ¹	Tax Increment From AV @ 1%
<u>Year</u>	<u>Index</u>	Rental Housing <u>\$175</u>	Owner Housing <u>\$325</u>	Office Space <u>\$340</u>	Retail Space <u>\$250</u>	Hotel Space <u>\$300</u>			
2006	1.00								
2007	1.03								
2008	1.06	13,716,464	133,159,610				146,876,074	50,826,274	508,263
2009	1.09	28,242,199	274,175,637				302,417,835	206,368,035	2,063,680
2010	1.12	43,613,016	423,395,727		80,879,396		547,888,139	451,838,339	4,518,383
2011	1.16	59,866,133	581,181,201		83,265,338		724,312,672	628,262,872	6,282,629
2012	1.19	77,040,230	747,907,558	17,044,074	85,721,666	77,506,673	1,005,220,200	909,170,400	9,091,704
2013	1.23	95,175,500	923,964,997	35,093,748	88,250,455	79,793,120	1,222,277,820	1,126,228,020	11,262,280
2014	1.26	114,313,706	1,109,758,959	54,193,521	90,853,843	82,147,017	1,451,267,046	1,355,217,246	13,552,172
2015	1.30	134,498,241	1,305,710,684	74,389,639	93,534,032	84,570,354	1,692,702,949	1,596,653,149	15,966,531
2016	1.34	155,774,181	1,512,257,792	95,730,167	160,488,810	87,065,179	2,011,316,129	1,915,266,329	19,152,663
2017	1.38	178,188,355	1,729,854,886	118,265,048	165,223,229	89,633,602	2,281,165,121	2,185,115,321	21,851,153
2018	1.42	201,789,403	1,958,974,165	142,046,179	170,097,315	92,277,793	2,565,184,854	2,469,135,054	24,691,351
2019	1.46	226,627,844	2,200,106,076	167,127,475	175,115,185	94,999,988	2,863,976,569	2,767,926,769	27,679,268
2020	1.50	252,756,145	2,453,759,973	193,564,953	180,281,083	97,802,488	3,178,164,642	3,082,114,842	30,821,148
2021	1.55	280,228,794	2,720,464,807	221,416,799	185,599,375	100,687,661	3,508,397,436	3,412,347,636	34,123,476
2022	1.59	309,102,368	3,000,769,841	250,743,454	191,074,557	103,657,947	3,855,348,167	3,759,298,367	37,592,984
2023	1.64	339,435,614	3,295,245,388	281,607,693	196,711,256	106,715,857	4,219,715,808	4,123,666,008	41,236,660
2024	1.69	371,289,525	3,604,483,573	314,074,714	202,514,238	109,863,974	4,602,226,024	4,506,176,224	45,061,762
2025	1.74	404,727,423	3,929,099,123	348,212,219	208,488,409	113,104,962	5,003,632,134	4,907,582,334	49,075,823
2026	1.79	439,815,042	4,269,730,188	384,090,514	214,638,817	116,441,558	5,424,716,118	5,328,666,318	53,286,663
2027	1.84	476,620,616	4,627,039,188	421,782,596	220,970,662	119,876,584	5,866,289,646	5,770,239,846	57,702,398
2028	1.90	515,214,971	5,001,713,686	461,364,257	227,489,296	123,412,943	6,329,195,153	6,233,145,353	62,331,454
2029	1.95	555,671,613	5,394,467,299	502,914,179	234,200,230	127,053,625	6,814,306,946	6,718,257,146	67,182,571
2030	2.01	598,066,831	5,806,040,634	546,514,044	241,109,137	130,801,707	7,322,532,353	7,226,482,553	72,264,826

Total Tax Increment Flow to Milpitas Redevelopment Agency¹ Subtracts base AV which assumes 245 acres with 60% in private ownership and base assessment of \$15 per square foot

Table 7

(Page 2)

MILPITAS TRANSIT AREA REDEVELOPMENT PORTION: TAX INCREMENT GROWTH

Alternative A: 7,164 Housing Units & \$550 CFD

<u>20% Set Aside for Low & Mod Housing</u>	<u>Increment Remaining After L & M</u>	<u>First Layer</u>	<u>Milpitas RDA 1st Layer Pass Thru @ 20%</u>	<u>Second Layer From New Base</u>	<u>Milpitas RDA 2nd Layer Pass Thru @ 21%</u>	<u>Net Milpitas TI Amount</u>
101,653	406,610	406,610	81,322			325,288
412,736	1,650,944	1,650,944	330,189			1,320,755
903,677	3,614,707	3,614,707	722,941			2,891,765
1,256,526	5,026,103	5,026,103	1,005,221			4,020,882
1,818,341	7,273,363	7,273,363	1,454,673			5,818,691
2,252,456	9,009,824	9,009,824	1,801,965			7,207,859
2,710,434	10,841,738	10,841,738	2,168,348			8,673,390
3,193,306	12,773,225	10,841,738	2,168,348	1,931,487	405,612	10,199,265
3,830,533	15,322,131	10,841,738	2,168,348	4,480,393	940,882	12,212,901
4,370,231	17,480,923	10,841,738	2,168,348	6,639,185	1,394,229	13,918,346
4,938,270	19,753,080	10,841,738	2,168,348	8,911,342	1,871,382	15,713,351
5,535,854	22,143,414	10,841,738	2,168,348	11,301,676	2,373,352	17,601,715
6,164,230	24,656,919	10,841,738	2,168,348	13,815,181	2,901,188	19,587,383
6,824,695	27,298,781	10,841,738	2,168,348	16,457,043	3,455,979	21,674,454
7,518,597	30,074,387	10,841,738	2,168,348	19,232,649	4,038,856	23,867,183
8,247,332	32,989,328	10,841,738	2,168,348	22,147,590	4,650,994	26,169,987
9,012,352	36,049,410	10,841,738	2,168,348	25,207,672	5,293,611	28,587,451
9,815,165	39,260,659	10,841,738	2,168,348	28,418,921	5,967,973	31,124,338
10,657,333	42,629,331	10,841,738	2,168,348	31,787,593	6,675,394	33,785,589
11,540,480	46,161,919	10,841,738	2,168,348	35,320,181	7,417,238	36,576,333
12,466,291	49,865,163	10,841,738	2,168,348	39,023,425	8,194,919	39,501,896
13,436,514	53,746,057	10,841,738	2,168,348	42,904,319	9,009,907	42,567,803
14,452,965	57,811,860	10,841,738	2,168,348	46,970,122	9,863,726	0
						\$403,346,625

Table 8

MILPITAS TRANSIT AREA NON REDEVELOPMENT PORTION: NEW PROPERTY TAX
Alternative A: 7,164 Housing Units & \$550 CFD

Inflation Rate = 2.95%		Assessed Value Per Built SF and by Land Use for Piper Montague Subarea ¹					Milpitas Gen Fund Share@ 19%	TI Pass Thru From 1st Layer	Total Gen Fund Prop Tax
Year	Index	Rental Housing \$175	Owner Housing \$325	Retail Space \$250	Total AV From New Developmt	Net AV Gain ²			
2006	1.00								
2007	1.03								
2008	1.06	4,691,024	53,239,402		57,930,427	39,896,587	75,804	15,451	91,255
2009	1.09	9,658,819	109,619,930		119,278,749	101,244,909	192,365	62,736	255,101
2010	1.12	14,915,631	169,280,576		184,196,207	166,162,367	315,708	137,359	453,067
2011	1.16	20,474,190	232,365,804	5,782,315	258,622,309	240,588,469	457,118	190,992	648,110
2012	1.19	26,347,723	299,025,744	5,952,893	331,326,361	313,292,521	595,256	276,388	871,644
2013	1.23	32,549,977	369,416,405	6,128,504	408,094,885	390,061,045	741,116	342,373	1,083,489
2014	1.26	39,095,235	443,699,887	6,309,295	489,104,416	471,070,576	895,034	411,986	1,307,020
2015	1.30	45,998,336	522,044,609	6,495,419	574,538,364	556,504,524	1,057,359	411,986	1,469,345
2016	1.34	53,274,698	604,625,541	6,687,034	664,587,273	646,553,433	1,228,452	411,986	1,640,438
2017	1.38	60,940,335	691,624,438	6,884,301	759,449,075	741,415,235	1,408,689	411,986	1,820,675
2018	1.42	62,738,075	783,230,095	7,087,388	853,055,558	835,021,718	1,586,541	411,986	1,998,527
2019	1.46	64,588,848	879,638,600	7,296,466	951,523,914	933,490,074	1,773,631	411,986	2,185,617
2020	1.50	66,494,219	905,587,938	7,511,712	979,593,869	961,560,029	1,826,964	411,986	2,238,950
2021	1.55	68,455,799	932,302,783	7,733,307	1,008,491,889	990,458,049	1,881,870	411,986	2,293,856
2022	1.59	70,475,245	959,805,715	7,961,440	1,038,242,399	1,020,208,559	1,938,396	411,986	2,350,382
2023	1.64	72,554,265	988,119,983	8,196,302	1,068,870,550	1,050,836,710	1,996,590	411,986	2,408,576
2024	1.69	74,694,615	1,017,269,523	8,438,093	1,100,402,231	1,082,368,391	2,056,500	411,986	2,468,486
2025	1.74	76,898,106	1,047,278,974	8,687,017	1,132,864,097	1,114,830,257	2,118,177	411,986	2,530,164
2026	1.79	79,166,601	1,078,173,703	8,943,284	1,166,283,588	1,148,249,748	2,181,675	411,986	2,593,661
2027	1.84	81,502,015	1,109,979,828	9,207,111	1,200,688,954	1,182,655,114	2,247,045	411,986	2,659,031
2028	1.90	83,906,325	1,142,724,233	9,478,721	1,236,109,278	1,218,075,438	2,314,343	411,986	2,726,329
2029	1.95	86,381,561	1,176,434,597	9,758,343	1,272,574,502	1,254,540,662	2,383,627	411,986	2,795,613
2030	2.01	88,929,817	1,211,139,418	10,046,214	1,310,115,449	1,292,081,609	16,185,272	0	16,185,272
Total Property Tax Flow to General Fund									\$55,074,608

¹ Cover Piper Montague Subarea only until 2030 when all Transit Area is included because Redevelopme Area expires

² Subtracts base AV which assumes 46 acres with 60% in private ownership and base assessment of \$15 per square foot

Table 9

MILPITAS TRANSIT AREA: NEW SALES TAX FROM NEW RETAIL AND OTHER DEVELOPMENT
Alternative A: 7,164 Housing Units & \$550 CFD

Inflation Rate = 2.95%

<u>Year</u>	<u>Inflation Index</u>	<u>Retail Space NSF @ 88%</u>	<u>Retail Space Sales @ Per NSF \$325</u>	<u>Sales for Other Milpitas Retail ¹</u>	<u>Sales From Hotel F & B</u>	<u>Total Taxable Sales Impact</u>	<u>Sales Tax for Gen Fund @ 1%</u>
				<u>New Resident</u>	<u>New Employee</u>		
2006	1.00						
2007	1.03						
2008	1.06			3,452,390		3,452,390	34,524
2009	1.09			7,108,471		7,108,471	71,085
2010	1.12	253,440	92,526,029	10,977,257	947,300	104,450,586	1,044,506
2011	1.16	271,040	101,870,516	15,068,115	889,262	117,827,893	1,178,279
2012	1.19	271,040	104,875,696	19,390,780	1,585,042	130,482,854	1,304,829
2013	1.23	271,040	107,969,529	23,955,370	1,720,505	138,413,365	1,384,134
2014	1.26	271,040	111,154,630	28,772,396	1,862,582	146,698,223	1,466,982
2015	1.30	271,040	114,433,692	33,852,779	2,011,544	155,351,433	1,553,514
2016	1.34	440,000	191,249,165	39,207,865	3,194,802	238,854,327	2,388,543
2017	1.38	440,000	196,891,015	44,849,441	3,388,692	250,485,118	2,504,851
2018	1.42	440,000	202,699,300	50,536,706	3,591,243	262,341,219	2,623,412
2019	1.46	440,000	208,678,929	56,520,489	3,802,794	274,678,845	2,746,788
2020	1.50	440,000	214,834,958	61,716,182	4,023,702	286,418,935	2,864,189
2021	1.55	440,000	221,172,589	67,169,233	4,254,334	298,612,650	2,986,127
2022	1.59	440,000	227,697,180	72,890,306	4,495,072	311,276,539	3,112,765
2023	1.64	440,000	234,414,247	78,890,468	4,746,311	324,427,729	3,244,277
2024	1.69	440,000	241,329,468	85,181,207	5,008,461	338,083,951	3,380,840
2025	1.74	440,000	248,448,687	91,774,445	5,281,948	352,263,557	3,522,636
2026	1.79	440,000	255,777,923	98,682,555	5,567,212	366,985,542	3,669,855
2027	1.84	440,000	263,323,372	105,918,376	5,864,709	382,269,567	3,822,696
2028	1.90	440,000	271,091,411	113,495,233	6,174,915	398,135,980	3,981,360
2029	1.95	440,000	279,088,608	121,426,949	6,799,558	414,907,082	4,149,071
2030	2.01	440,000	287,321,722	129,727,867	7,455,682	432,321,200	4,323,212

Total Sales Tax for General Fund

\$57,358,475

¹ Retail sales generated by new Project Area residents and employees spend outside of new Project Area retail development but in Milpitas

Table 10

MILPITAS TRANSIT AREA: NEW TRANSIENT OCCUPANCY TAX FROM NEW HOTEL DEVELOPMENT**Alternative A: 7,164 Housing Units & \$550 CFD****Inflation Rate = 2.95%**

<u>Year</u>	<u>Inflation Index</u>	<u>New Hotel Rooms</u>	<u>Room Revenue Avg Daily Rate \$145</u>	<u>Food & Bev Based on Room 30%</u>	<u>TOT @ 10%</u>
2006	1.00				
2007	1.03				
2008	1.06				
2009	1.09				
2010	1.12				
2011	1.16				
2012	1.19	350	15,437,787	4,631,336	1,543,779
2013	1.23	350	15,893,202	4,767,961	1,589,320
2014	1.26	350	16,362,052	4,908,615	1,636,205
2015	1.30	350	16,844,732	5,053,420	1,684,473
2016	1.34	350	17,341,652	5,202,496	1,734,165
2017	1.38	350	17,853,230	5,355,969	1,785,323
2018	1.42	350	18,379,901	5,513,970	1,837,990
2019	1.46	350	18,922,108	5,676,632	1,892,211
2020	1.50	350	19,480,310	5,844,093	1,948,031
2021	1.55	350	20,054,979	6,016,494	2,005,498
2022	1.59	350	20,646,601	6,193,980	2,064,660
2023	1.64	350	21,255,676	6,376,703	2,125,568
2024	1.69	350	21,882,718	6,564,815	2,188,272
2025	1.74	350	22,528,258	6,758,478	2,252,826
2026	1.79	350	23,192,842	6,957,853	2,319,284
2027	1.84	350	23,877,031	7,163,109	2,387,703
2028	1.90	350	24,581,403	7,374,421	2,458,140
2029	1.95	350	25,306,555	7,591,966	2,530,655
2030	2.01	350	26,053,098	7,815,929	2,605,310
Total TOT for General Fund					\$38,589,414

Table 11

MILPITAS TRANSIT AREA: NEW CFD ASSESSMENTS FROM NEW HOUSING DEVELOPMENT**Alternative A: 7,164 Housing Units & \$550 CFD****Inflation Rate = 2.95%**

<u>Year</u>	<u>Inflation Index</u>	<u>New Housing Units</u>	<u>Annual per Unit Assessment \$550</u>
2006	1.00		
2007	1.03		
2008	1.06	362	210,753
2009	1.09	723	433,941
2010	1.12	1,085	670,114
2011	1.16	1,446	919,843
2012	1.19	1,808	1,183,722
2013	1.23	2,169	1,462,371
2014	1.26	2,531	1,756,429
2015	1.30	2,892	2,066,564
2016	1.34	3,254	2,393,469
2017	1.38	3,615	2,737,862
2018	1.42	3,954	3,082,418
2019	1.46	4,292	3,444,919
2020	1.50	4,553	3,762,270
2021	1.55	4,814	4,095,347
2022	1.59	5,075	4,444,801
2023	1.64	5,336	4,811,309
2024	1.69	5,598	5,195,573
2025	1.74	5,859	5,598,322
2026	1.79	6,120	6,020,311
2027	1.84	6,381	6,462,325
2028	1.90	6,642	6,925,180
2029	1.95	6,903	7,409,719
2030	2.01	7,164	7,916,819
Total CFD Assessments for General Fund			\$83,004,381

Table 12

MILPITAS TRANSIT AREA: ADDITIONAL MUNICIPAL SERVICE COST
Alternative A: 7,164 Housing Units & \$550 CFD

Inflation Rate = 2.95%

<u>Year</u>	<u>Inflation Index</u>	<u>New Population from Housing</u>	<u>Net New Employees</u>	<u>Total Resident Cost at Per \$571</u>	<u>Total Employee Cost at Per \$161</u>	<u>Total New Service Cost</u>
2006	1.00					
2007	1.03					
2008	1.06	931		563,433		563,433
2009	1.09	1,861	-110	1,160,108	-19,425	1,140,683
2010	1.12	2,792	602	1,791,498	109,262	1,900,760
2011	1.16	3,723	549	2,459,129	102,568	2,561,697
2012	1.19	4,653	951	3,164,592	182,820	3,347,412
2013	1.23	5,584	1,003	3,909,536	198,445	4,107,981
2014	1.26	6,515	1,054	4,695,679	214,832	4,910,511
2015	1.30	7,445	1,106	5,524,802	232,013	5,756,815
2016	1.34	8,376	1,706	6,398,756	368,491	6,767,248
2017	1.38	9,307	1,758	7,319,466	390,855	7,710,321
2018	1.42	10,186	1,810	8,247,633	414,217	8,661,850
2019	1.46	11,066	1,861	9,224,191	438,618	9,662,809
2020	1.50	11,737	1,913	10,072,132	464,097	10,536,230
2021	1.55	12,408	1,965	10,962,075	490,699	11,452,774
2022	1.59	13,079	2,016	11,895,759	518,466	12,414,224
2023	1.64	13,750	2,068	12,874,990	547,444	13,422,434
2024	1.69	14,421	2,120	13,901,644	577,681	14,479,324
2025	1.74	15,092	2,172	14,977,666	609,225	15,586,891
2026	1.79	15,763	2,223	16,105,075	642,127	16,747,202
2027	1.84	16,434	2,275	17,285,967	676,441	17,962,408
2028	1.90	17,105	2,327	18,522,517	712,220	19,234,737
2029	1.95	17,776	2,489	19,816,979	784,267	20,601,247
2030	2.01	18,447	2,650	21,171,696	859,945	22,031,641
Total General Fund Service Cost Impact						\$231,560,632

MILPITAS TRANSIT AREA SPECIFIC PLAN FISCAL ANALYSIS

14-Apr-06

Alternative B: 5,500 Housing Units & \$350 CFD

Economics Research Associates

Incorporates Comments by Emma Karlen, Finance Director

Table 1

MILPITAS TRANSIT AREA FISCAL ANALYSIS: INPUT ASSUMPTIONS & OUTPUT CONCLUSIONS**Alternative B: 5,500 Housing Units & \$350 CFD**

Inflation Rate 2006-2030	2.95%	ERA Assumption
TOTAL PROJECT AREA (Acres)	437	Dyett & Bhatia
Great Mall Redevelopment Area	146	Dyett & Bhatia
Other Redevelopment Area	245	Dyett & Bhatia
Piper Montague (Outside RDA Area)	46	Dyett & Bhatia

BUILD-OUT ASSUMPTIONS BY 2030: MODEL INPUT

Total Housing Units	5,500	Dyett & Bhatia & City of Milpitas
Hotel Units	350	Dyett & Bhatia Based Upon ERA Market Analysis
Office Space in SF	800,000	Dyett & Bhatia Based Upon ERA Market Analysis
Retail Space in SF	500,000	Dyett & Bhatia Based Upon ERA Market Analysis

Rental and Below Market Housing

Number of Units	1,375	25% of total units
Average Unit Size (NSF)	960	ERA Market Based Assumption
Average Unit Size (GSF)	1,091	ERA Market Based Assumption
Assessed Value per SF	\$175	Represents Mostly Below Market Housing
Assessed Value per Unit	\$190,909	Represents Mostly Below Market Housing

Market Rate Owner Housing

Number of Units	4,125	75% of total units
Average Unit Size (NSF)	1,760	ERA Market Based Assumption
Average Unit Size (GSF)	2,000	ERA Market Based Assumption
Assessed Value per SF	\$325	ERA Market Based Assumption
Avg Sales Price in 2006	\$572,000	ERA Market Based Assumption

Office Space

Number of Buildings	NA	ERA Market Based Assumption
Total Size in GSF	800,000	ERA Market Based Assumption
Assessed Value per SF (2006 dollars)	\$340	ERA Market Based Assumption

Retail Space

Number of Buildings	NA	
Total Size in GSF	500,000	ERA Market Based Assumption
Assessed Value per SF (2006 dollars)	\$250	ERA Market Based Assumption
Retail Sales per SF per Year	\$325	ERA Market Based Assumption

Hotel

Number of Properties	1	ERA Market Based Assumption
Number of Rooms	350	ERA Market Based Assumption
Number of SF	217,000	Dyett & Bhatia
Room Rate in 2006 Dollars	\$145	ERA Market Based Assumption
Assessed Value per SF (2006 dollars)	\$300	ERA Market Based Assumption

OUTSIDE REDEVELOPMENT AREA - PIPER MONTAGUE SUBAREA ONLY (46 Gross Acres)

Number of Rental Housing Units	232	Average Density of 36 per Net Acre
Number of Owner Units	927	Average Density of 36 per Net Acre
Retail SF	20,000	Local Serving Retail

Table 1

MILPITAS TRANSIT AREA FISCAL ANALYSIS: INPUT ASSUMPTIONS & OUTPUT CONCLUSIONS
Alternative B: 5,500 Housing Units & \$350 CFD

WITHIN REDEVELOPMENT AREA - EXCLUDES PIPER MONTAGUE SUBAREA (391 Gross Acres)

Number of Rental Housing Units	1,143	Project Area less Piper Montague
Number of Owner Housing Units	3,198	Project Area less Piper Montague
Number of Hotel Units	350	Project Area less Piper Montague
Amount of Retail Space	480,000	Project Area less Piper Montague
Amount of Office Space	800,000	Project Area less Piper Montague

KEY REVENUE & COST ASSUMPTIONS

Property Tax or Tax Increment

RDA Tax Increment Share	60.00%	Years one through ten
RDA Tax Increment Share	43.20%	Years 11 through 30
General Fund Property Tax Share	19.00%	Applies only to Piper Montague Subarea
CFD Per Residential Unit per Year	\$350.00	Adjusted Annually by Higher of CPI or 2%

Taxable Retail Sales Generation

Per New Resident per Year	\$10,000	Total based countywide average
Per New Resident per Year	\$1,800	Amount Spent in New Project Area Retail Development ¹
Per New Resident per Year	\$3,500	Amount Spent in Great Mall & Other Parts of Milpitas
Per New Resident per Year	\$4,700	Leakage to Other Communities
Per New Employee	\$2,400	Total Associated with Place of Work
Per New Employee	\$1,000	Amount Spent in New Project Area Retail Development ¹
Per New Employee	\$1,400	Amount Spent in Great Mall & Other Parts of Milpitas

Transient Occupancy Tax

Tax Rate	8.0%	City Finance Department (Excludes 2% Dedicated to Library)
Hotel Occupancy Rate	70.0%	Long Term Stabilized Occupancy Rate

Net Service Cost Impact

Per New Resident	\$571	See Tables 2 & 3 for allocation and computation
Per New Employee	\$161	See Tables 2 & 3 for allocation and computation

SUMMARY OF FISCAL IMPACTS: CUMULATIVE 2006-2030 (in millions)

New Tax Increment Revenue for Redevelopment Agency	\$303.1
Additional General Fund Cost & Revenue for City	
New Property Taxes	\$49.7
New Sales Tax	54.4
New Transient Occupancy Tax	38.6
New CFD Revenue	41.3
New Service Cost	(183.3)
Net Cumulative Cost Revenue Balance 2006-2030	\$0.8
Combined RDA and General Fund Impact	\$303.9

Table 2

MUNICIPAL SERVICE COST AND REVENUE ANALYSIS ASSUMPTIONS**Alternative B: 5,500 Housing Units & \$350 CFD**

	Year End 6/30/05	
Revenues		
Property Tax	\$13,121,765	Based upon assessed value of new development
Sales Tax	14,270,542	Based upon sales in new retail space plus new population and employment generated
Other Taxes	8,607,569	50% allocated to TOT based upon new hotels & 50% allocated to businesses based upon employment
License & Fines	4,327,666	Attributed 80% to residents and 20% to employees
Interest and Others	1,069,010	Independent of new development and not used in analysis
Intergovernmental Revenue	971,726	Attributed 100% to residents
Charges for Services	3,804,800	Offset by planning & engineering costs and not used
Other Miscellaneous Revenues	163,236	Attributed 95% to residents & 5% to employees
Total General Fund Operations	\$46,336,314	
Expenses		
General Government	12,079,611	60% fixed cost with balance allocated 80% to residents and 20% to employees
Building Inspection	2,025,585	50% cost recovery with balance allocated 60% to residents and 40% to employees
Public Works	7,105,664	Allocated 80% to residents and 20% to employees
Engineering and Planning	3,653,106	Offset by charges for services
Recreation	4,198,701	Allocated 95% to residents & 5% to employees
Police	19,474,969	Allocated 83% to residents and 17% to employees
Fire	15,363,198	Allocated 75% to residents and 25% to employees
Total General Fund Operations	\$63,900,834	

Table 3

COMPUTATION OF NET MUNICIPAL SERVICE COST IMPACT PER NEW RESIDENT & EMPLOYEE**Alternative B: 5,500 Housing Units & \$350 CFD**

	Year End 6/30/05	Population = 66,000		Employees = 28,000	
		<u>Allocation</u>	<u>Per Capita</u>	<u>Allocation</u>	<u>Per Employee</u>
Revenues					
Property Tax	\$13,121,765				
Sales Tax	14,270,542				
Other Taxes	8,607,569			50%	154
License & Fines	4,327,666	80%	52	20%	31
Interest and Others	1,069,010				
Intergovernmental Revenue	971,726	100%	15		
Charges for Services	3,804,800				
Other Miscellenous Revenues	163,236	90%	2	10%	1
Total General Fund Operations	\$46,336,314		\$69		\$185
Expenses					
General Government	12,079,611	32%	59	8%	35
Building Inspection	2,025,585	30%	9	20%	14
Public Works	7,105,664	70%	75	30%	76
Engineering and Planning	3,653,106				
Recreation	4,198,701	95%	60	5%	7
Police	19,474,969	85%	251	15%	104
Fire	15,363,198	80%	186	20%	110
Total General Fund Operations	\$63,900,834		\$641		\$347
Net General Fund Cost Impact Per Person			\$571		\$161

Table 4

MILPITAS TRANSIT AREA: ESTIMATED NEWDEVELOPMENT PROGRAM COMPLETION SCHEDULE**Alternative B: 5,500 Housing Units & \$350 CFD**

<u>Year</u>	<u>Project Area Excluding Piper Montague (RDA Area)</u>								<u>Piper Montague Subarea (Outside RDA)</u>				
	<u>Rental Housing</u> <u>Unit</u>	<u>GSF</u>	<u>Owner Housing</u> <u>Units</u>	<u>GSF</u>	<u>Office</u> <u>GSF</u>	<u>Retail</u> <u>GSF</u>	<u>Hotel</u> <u>Units</u>	<u>GSF</u>	<u>Rental Housing</u> <u>Unit</u>	<u>GSF</u>	<u>Owner Housing</u> <u>Units</u>	<u>GSF</u>	<u>Retail</u> <u>GSF</u>
2006													
2007													
2008	50	54,221	139	278,056					23	25,292	77	154,560	
2009	50	54,221	139	278,056					23	25,292	77	154,560	
2010	50	54,221	139	278,056		288,000			23	25,292	77	154,560	
2011	50	54,221	139	278,056					23	25,292	77	154,560	20,000
2012	50	54,221	139	278,056	42,105		350	217,000	23	25,292	77	154,560	
2013	50	54,221	139	278,056	42,105				23	25,292	77	154,560	
2014	50	54,221	139	278,056	42,105				23	25,292	77	154,560	
2015	50	54,221	139	278,056	42,105				23	25,292	77	154,560	
2016	50	54,221	139	278,056	42,105	192,000			23	25,292	77	154,560	
2017	50	54,221	139	278,056	42,105				23	25,292	77	154,560	
2018	50	54,221	139	278,056	42,105						77	154,560	
2019	50	54,221	139	278,056	42,105						77	154,560	
2020	50	54,221	139	278,056	42,105								
2021	50	54,221	139	278,056	42,105								
2022	50	54,221	139	278,056	42,105								
2023	50	54,221	139	278,056	42,105								
2024	50	54,221	139	278,056	42,105								
2025	50	54,221	139	278,056	42,105								
2026	50	54,221	139	278,056	42,105								
2027	50	54,221	139	278,056	42,105								
2028	50	54,221	139	278,056	42,105								
2029	50	54,221	139	278,056	42,105								
2030	50	54,221	139	278,056	42,105								
Total	1,143	1,247,084	3,198	6,395,280	800,000	480,000	350	217,000	232	252,916	927	1,854,720	20,000

Table 5

MILPITAS TRANSIT AREA: CUMULATIVE NEW DEVELOPMENT**Alternative B: 5,500 Housing Units & \$350 CFD**

Year	Project Area Excluding Piper Montague (RDA Area)								Piper Montague Subarea (Outside RDA)				
	Rental Housing		Owner Housing		Office	Retail	Hotel		Rental Housing		Owner Housing		Retail
	Unit	GSF	Units	GSF	GSF	GSF	Units	GSF	Unit	GSF	Units	GSF	GSF
2006													
2007													
2008	50	54,221	139	278,056					23	25,292	77	154,560	
2009	99	108,442	278	556,111					46	50,583	155	309,120	
2010	149	162,663	417	834,167		288,000			70	75,875	232	463,680	
2011	199	216,884	556	1,112,223		288,000			93	101,167	309	618,240	20,000
2012	249	271,105	695	1,390,278	42,105	288,000	350	217,000	116	126,458	386	772,800	20,000
2013	298	325,326	834	1,668,334	84,211	288,000	350	217,000	139	151,750	464	927,360	20,000
2014	348	379,547	973	1,946,390	126,316	288,000	350	217,000	162	177,041	541	1,081,920	20,000
2015	398	433,768	1,112	2,224,445	168,421	288,000	350	217,000	185	202,333	618	1,236,480	20,000
2016	447	487,989	1,251	2,502,501	210,526	480,000	350	217,000	209	227,625	696	1,391,040	20,000
2017	497	542,210	1,390	2,780,557	252,632	480,000	350	217,000	232	252,916	773	1,545,600	20,000
2018	547	596,431	1,529	3,058,612	294,737	480,000	350	217,000	232	252,916	850	1,700,160	20,000
2019	596	650,652	1,668	3,336,668	336,842	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2020	646	704,873	1,807	3,614,723	378,947	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2021	696	759,094	1,946	3,892,779	421,053	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2022	746	813,315	2,085	4,170,835	463,158	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2023	795	867,536	2,224	4,448,890	505,263	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2024	845	921,757	2,363	4,726,946	547,368	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2025	895	975,978	2,503	5,005,002	589,474	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2026	944	1,030,200	2,642	5,283,057	631,579	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2027	994	1,084,421	2,781	5,561,113	673,684	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2028	1,044	1,138,642	2,920	5,839,169	715,789	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2029	1,093	1,192,863	3,059	6,117,224	757,895	480,000	350	217,000	232	252,916	927	1,854,720	20,000
2030	1,143	1,247,084	3,198	6,395,280	800,000	480,000	350	217,000	232	252,916	927	1,854,720	20,000

Table 6

MILPITAS TRANSIT AREA: POPULATION & EMPLOYMENT GROWTH FROM NEW DEVELOPMENT
Alternative B: 5,500 Housing Units & \$350 CFD

<u>Year</u>	<u>Project Area Excluding Piper Montague (RDA Area)</u>							<u>Piper Montague Subarea (Outside RDA)</u>				<u>Total Net New</u>	
	<u>Rental Pop</u> <u>2.2/du</u>	<u>Owner Pop</u> <u>2.7/du</u>	<u>Office Emp</u> <u>One/260 sf</u>	<u>Retail Emp</u> <u>One/350 sf</u>	<u>Units</u>	<u>Hotel Emp</u> <u>One/Unit</u>	<u>Indus Emp</u> <u>15/Acre</u>	<u>Rental Pop</u> <u>2.2/du</u>	<u>Units</u>	<u>Owner Pop</u> <u>2.7/du</u>	<u>Retail Emp</u> <u>One/350 sf</u>	<u>Population</u>	<u>Employment</u>
2006													
2007													
2008	109	375						51	77	209		744	
2009	219	751					-110	102	155	417		1,489	-110
2010	328	1,126		823			-221	153	232	626		2,233	602
2011	437	1,502		823			-331	204	309	835	57	2,978	549
2012	547	1,877	162	823	350	350	-441	255	386	1,043	57	3,722	951
2013	656	2,252	324	823	350	350	-551	306	464	1,252	57	4,466	1,003
2014	765	2,628	486	823	350	350	-662	357	541	1,461	57	5,211	1,054
2015	875	3,003	648	823	350	350	-772	408	618	1,669	57	5,955	1,106
2016	984	3,378	810	1,371	350	350	-882	459	696	1,878	57	6,699	1,706
2017	1,093	3,754	972	1,371	350	350	-992	510	773	2,087	57	7,444	1,758
2018	1,203	4,129	1,134	1,371	350	350	-1,103	510	850	2,295	57	8,137	1,810
2019	1,312	4,505	1,296	1,371	350	350	-1,213	510	927	2,504	57	8,831	1,861
2020	1,421	4,880	1,457	1,371	350	350	-1,323	510	927	2,504	57	9,315	1,913
2021	1,531	5,255	1,619	1,371	350	350	-1,433	510	927	2,504	57	9,800	1,965
2022	1,640	5,631	1,781	1,371	350	350	-1,544	510	927	2,504	57	10,285	2,016
2023	1,750	6,006	1,943	1,371	350	350	-1,654	510	927	2,504	57	10,769	2,068
2024	1,859	6,381	2,105	1,371	350	350	-1,764	510	927	2,504	57	11,254	2,120
2025	1,968	6,757	2,267	1,371	350	350	-1,874	510	927	2,504	57	11,739	2,172
2026	2,078	7,132	2,429	1,371	350	350	-1,985	510	927	2,504	57	12,224	2,223
2027	2,187	7,508	2,591	1,371	350	350	-2,095	510	927	2,504	57	12,708	2,275
2028	2,296	7,883	2,753	1,371	350	350	-2,205	510	927	2,504	57	13,193	2,327
2029	2,406	8,258	2,915	1,371	350	350	-2,205	510	927	2,504	57	13,678	2,489
2030	2,515	8,634	3,077	1,371	350	350	-2,205	510	927	2,504	57	14,163	2,650

Table 7

MILPITAS TRANSIT AREA REDEVELOPMENT PORTION: TAX INCREMENT GROWTH**Alternative B: 5,500 Housing Units & \$350 CFD**

Inflation Rate = 2.95%		Assessed Value Per Built SF and by Land Use Excluding Piper Montague Subarea					Total AV From New Developmt	Net AV Gain ¹	Tax Increment From AV @ 1%
<u>Year</u>	<u>Index</u>	Rental Housing <u>\$175</u>	Owner Housing <u>\$325</u>	Office Space <u>\$340</u>	Retail Space <u>\$250</u>	Hotel Space <u>\$300</u>			
2006	1.00								
2007	1.03								
2008	1.06	10,056,769	95,778,447				105,835,216	9,785,416	97,854
2009	1.09	20,706,888	197,207,822				217,914,711	121,864,911	1,218,649
2010	1.12	31,976,612	304,538,179		80,879,396		417,394,188	321,344,388	3,213,444
2011	1.16	43,893,230	418,029,408		83,265,338		545,187,976	449,138,176	4,491,382
2012	1.19	56,485,100	537,951,594	17,044,074	85,721,666	77,506,673	774,709,107	678,659,307	6,786,593
2013	1.23	69,781,693	664,585,399	35,093,748	88,250,455	79,793,120	937,504,415	841,454,615	8,414,546
2014	1.26	83,813,628	798,222,447	54,193,521	90,853,843	82,147,017	1,109,230,455	1,013,180,655	10,131,807
2015	1.30	98,612,720	939,165,724	74,389,639	93,534,032	84,570,354	1,290,272,469	1,194,222,669	11,942,227
2016	1.34	114,212,020	1,087,730,002	95,730,167	160,488,810	87,065,179	1,545,226,178	1,449,176,378	14,491,764
2017	1.38	130,645,861	1,244,242,264	118,265,048	165,223,229	89,633,602	1,748,010,004	1,651,960,204	16,519,602
2018	1.42	147,949,905	1,409,042,151	142,046,179	170,097,315	92,277,793	1,961,413,343	1,865,363,543	18,653,635
2019	1.46	166,161,193	1,582,482,431	167,127,475	175,115,185	94,999,988	2,185,886,273	2,089,836,473	20,898,365
2020	1.50	185,318,194	1,764,929,468	193,564,953	180,281,083	97,802,488	2,421,896,186	2,325,846,386	23,258,464
2021	1.55	205,460,856	1,956,763,724	221,416,799	185,599,375	100,687,661	2,669,928,416	2,573,878,616	25,738,786
2022	1.59	226,630,662	2,158,380,273	250,743,454	191,074,557	103,657,947	2,930,486,893	2,834,437,093	28,344,371
2023	1.64	248,870,684	2,370,189,323	281,607,693	196,711,256	106,715,857	3,204,094,814	3,108,045,014	31,080,450
2024	1.69	272,225,643	2,592,616,778	314,074,714	202,514,238	109,863,974	3,491,295,347	3,395,245,547	33,952,455
2025	1.74	296,741,964	2,826,104,794	348,212,219	208,488,409	113,104,962	3,792,652,348	3,696,602,548	36,966,025
2026	1.79	322,467,844	3,071,112,380	384,090,514	214,638,817	116,441,558	4,108,751,111	4,012,701,311	40,127,013
2027	1.84	349,453,310	3,328,115,994	421,782,596	220,970,662	119,876,584	4,440,199,147	4,344,149,347	43,441,493
2028	1.90	377,750,292	3,597,610,187	461,364,257	227,489,296	123,412,943	4,787,626,976	4,691,577,176	46,915,772
2029	1.95	407,412,684	3,880,108,244	502,914,179	234,200,230	127,053,625	5,151,688,963	5,055,639,163	50,556,392
2030	2.01	438,496,420	4,176,142,866	546,514,044	241,109,137	130,801,707	5,533,064,175	5,437,014,375	54,370,144

Total Tax Increment Flow to Milpitas Redevelopment Agency¹ Subtracts base AV which assumes 245 acres with 60% in private ownership and base assessment of \$15 per square foot

Table 7 (Page 2)

MILPITAS TRANSIT AREA REDEVELOPMENT PORTION: TAX INCREMENT GROWTH

Alternative B: 5,500 Housing Units & \$350 CFD

<u>20% Set Aside for Low & Mod Housing</u>	<u>Increment Remaining After L & M</u>	<u>First Layer</u>	<u>Milpitas RDA 1st Layer Pass Thru @ 20%</u>	<u>Second Layer From New Base</u>	<u>Milpitas RDA 2nd Layer Pass Thru @ 21%</u>	<u>Net Milpitas TI Amount</u>
19,571	78,283	78,283	15,657			62,627
243,730	974,919	974,919	194,984			779,935
642,689	2,570,755	2,570,755	514,151			2,056,604
898,276	3,593,105	3,593,105	718,621			2,874,484
1,357,319	5,429,274	5,429,274	1,085,855			4,343,420
1,682,909	6,731,637	6,731,637	1,346,327			5,385,310
2,026,361	8,105,445	8,105,445	1,621,089			6,484,356
2,388,445	9,553,781	8,105,445	1,621,089	1,448,336	304,151	7,628,542
2,898,353	11,593,411	8,105,445	1,621,089	3,487,966	732,473	9,239,849
3,303,920	13,215,682	8,105,445	1,621,089	5,110,236	1,073,150	10,521,443
3,730,727	14,922,908	8,105,445	1,621,089	6,817,463	1,431,667	11,870,152
4,179,673	16,718,692	8,105,445	1,621,089	8,613,247	1,808,782	13,288,821
4,651,693	18,606,771	8,105,445	1,621,089	10,501,326	2,205,278	14,780,404
5,147,757	20,591,029	8,105,445	1,621,089	12,485,584	2,621,973	16,347,967
5,668,874	22,675,497	8,105,445	1,621,089	14,570,051	3,059,711	17,994,697
6,216,090	24,864,360	8,105,445	1,621,089	16,758,915	3,519,372	19,723,899
6,790,491	27,161,964	8,105,445	1,621,089	19,056,519	4,001,869	21,539,006
7,393,205	29,572,820	8,105,445	1,621,089	21,467,375	4,508,149	23,443,583
8,025,403	32,101,610	8,105,445	1,621,089	23,996,165	5,039,195	25,441,327
8,688,299	34,753,195	8,105,445	1,621,089	26,647,750	5,596,027	27,536,078
9,383,154	37,532,617	8,105,445	1,621,089	29,427,172	6,179,706	29,731,822
10,111,278	40,445,113	8,105,445	1,621,089	32,339,668	6,791,330	32,032,694
10,874,029	43,496,115	8,105,445	1,621,089	35,390,670	7,432,041	0
						\$303,107,019

Table 8

MILPITAS TRANSIT AREA NON REDEVELOPMENT PORTION: NEW PROPERTY TAX
Alternative B: 5,500 Housing Units & \$350 CFD

Inflation Rate = 2.95%		Assessed Value Per Built SF and by Land Use for Piper Montague Subarea ¹					Milpitas Gen Fund Share@ 19%	TI Pass Thru From 1st Layer	Total Gen Fund Prop Tax
Year	Index	Rental Housing \$175	Owner Housing \$325	Retail Space \$250	Total AV From New Developmt	Net AV Gain ²			
2006	1.00								
2007	1.03								
2008	1.06	4,691,024	53,239,402		57,930,427	39,896,587	75,804	2,975	78,778
2009	1.09	9,658,819	109,619,930		119,278,749	101,244,909	192,365	37,047	229,412
2010	1.12	14,915,631	169,280,576		184,196,207	166,162,367	315,708	97,689	413,397
2011	1.16	20,474,190	232,365,804	5,782,315	258,622,309	240,588,469	457,118	136,538	593,656
2012	1.19	26,347,723	299,025,744	5,952,893	331,326,361	313,292,521	595,256	206,312	801,568
2013	1.23	32,549,977	369,416,405	6,128,504	408,094,885	390,061,045	741,116	255,802	996,918
2014	1.26	39,095,235	443,699,887	6,309,295	489,104,416	471,070,576	895,034	308,007	1,203,041
2015	1.30	45,998,336	522,044,609	6,495,419	574,538,364	556,504,524	1,057,359	308,007	1,365,366
2016	1.34	53,274,698	604,625,541	6,687,034	664,587,273	646,553,433	1,228,452	308,007	1,536,458
2017	1.38	60,940,335	691,624,438	6,884,301	759,449,075	741,415,235	1,408,689	308,007	1,716,696
2018	1.42	62,738,075	783,230,095	7,087,388	853,055,558	835,021,718	1,586,541	308,007	1,894,548
2019	1.46	64,588,848	879,638,600	7,296,466	951,523,914	933,490,074	1,773,631	308,007	2,081,638
2020	1.50	66,494,219	905,587,938	7,511,712	979,593,869	961,560,029	1,826,964	308,007	2,134,971
2021	1.55	68,455,799	932,302,783	7,733,307	1,008,491,889	990,458,049	1,881,870	308,007	2,189,877
2022	1.59	70,475,245	959,805,715	7,961,440	1,038,242,399	1,020,208,559	1,938,396	308,007	2,246,403
2023	1.64	72,554,265	988,119,983	8,196,302	1,068,870,550	1,050,836,710	1,996,590	308,007	2,304,597
2024	1.69	74,694,615	1,017,269,523	8,438,093	1,100,402,231	1,082,368,391	2,056,500	308,007	2,364,507
2025	1.74	76,898,106	1,047,278,974	8,687,017	1,132,864,097	1,114,830,257	2,118,177	308,007	2,426,184
2026	1.79	79,166,601	1,078,173,703	8,943,284	1,166,283,588	1,148,249,748	2,181,675	308,007	2,489,681
2027	1.84	81,502,015	1,109,979,828	9,207,111	1,200,688,954	1,182,655,114	2,247,045	308,007	2,555,052
2028	1.90	83,906,325	1,142,724,233	9,478,721	1,236,109,278	1,218,075,438	2,314,343	308,007	2,622,350
2029	1.95	86,381,561	1,176,434,597	9,758,343	1,272,574,502	1,254,540,662	2,383,627	308,007	2,691,634
2030	2.01	88,929,817	1,211,139,418	10,046,214	1,310,115,449	1,292,081,609	12,785,282	0	12,785,282
Total Property Tax Flow to General Fund									\$49,722,016

¹ Cover Piper Montague Subarea only until 2030 when all Transit Area is included because Redevelopme Area expires

² Subtracts base AV which assumes 46 acres with 60% in private ownership and base assessment of \$15 per square foot

Table 9

MILPITAS TRANSIT AREA: NEW SALES TAX FROM NEW RETAIL AND OTHER DEVELOPMENT
Alternative B: 5,500 Housing Units & \$350 CFD

Inflation Rate = 2.95%

<u>Year</u>	<u>Inflation Index</u>	<u>Retail Space NSF @ 88%</u>	<u>Retail Space Sales @ Per NSF \$325</u>	<u>Sales for Other Milpitas Retail ¹</u>	<u>Sales From Hotel F & B</u>	<u>Total Taxable Sales Impact</u>	<u>Sales Tax for Gen Fund @ 1%</u>
				<u>New Resident</u>	<u>New Employee</u>		
2006	1.00						
2007	1.03						
2008	1.06			2,761,318		2,761,318	27,613
2009	1.09			5,685,554		5,685,554	56,856
2010	1.12	253,440	92,526,029	8,779,916	947,300	102,253,245	1,022,532
2011	1.16	271,040	101,870,516	12,051,898	889,262	114,811,676	1,148,117
2012	1.19	271,040	104,875,696	15,509,287	1,585,042	126,601,361	1,266,014
2013	1.23	271,040	107,969,529	19,160,173	1,720,505	133,618,168	1,336,182
2014	1.26	271,040	111,154,630	23,012,964	1,862,582	140,938,792	1,409,388
2015	1.30	271,040	114,433,692	27,076,396	2,011,544	148,575,051	1,485,751
2016	1.34	440,000	191,249,165	31,359,544	3,194,802	231,006,005	2,310,060
2017	1.38	440,000	196,891,015	35,871,833	3,388,692	241,507,510	2,415,075
2018	1.42	440,000	202,699,300	40,370,014	3,591,243	252,174,527	2,521,745
2019	1.46	440,000	208,678,929	45,102,370	3,802,794	263,260,726	2,632,607
2020	1.50	440,000	214,834,958	48,981,649	4,023,702	273,684,402	2,736,844
2021	1.55	440,000	221,172,589	53,050,554	4,254,334	284,493,971	2,844,940
2022	1.59	440,000	227,697,180	57,316,899	4,495,072	295,703,131	2,957,031
2023	1.64	440,000	234,414,247	61,788,790	4,746,311	307,326,051	3,073,261
2024	1.69	440,000	241,329,468	66,474,644	5,008,461	319,377,388	3,193,774
2025	1.74	440,000	248,448,687	71,383,190	5,281,948	331,872,303	3,318,723
2026	1.79	440,000	255,777,923	76,523,492	5,567,212	344,826,479	3,448,265
2027	1.84	440,000	263,323,372	81,904,950	5,864,709	358,256,141	3,582,561
2028	1.90	440,000	271,091,411	87,537,320	6,174,915	372,178,067	3,721,781
2029	1.95	440,000	279,088,608	93,430,722	6,799,558	386,910,854	3,869,109
2030	2.01	440,000	287,321,722	99,595,655	7,455,682	402,188,988	4,021,890

Total Sales Tax for General Fund

\$54,400,117

¹ Retail sales generated by new Project Area residents and employees spend outside of new Project Area retail development but in Milpitas

Table 10

MILPITAS TRANSIT AREA: NEW TRANSIENT OCCUPANCY TAX FROM NEW HOTEL DEVELOPMENT**Alternative B: 5,500 Housing Units & \$350 CFD****Inflation Rate = 2.95%**

<u>Year</u>	<u>Inflation Index</u>	<u>New Hotel Rooms</u>	<u>Room Revenue Avg Daily Rate \$145</u>	<u>Food & Bev Based on Room 30%</u>	<u>TOT @ 10%</u>
2006	1.00				
2007	1.03				
2008	1.06				
2009	1.09				
2010	1.12				
2011	1.16				
2012	1.19	350	15,437,787	4,631,336	1,543,779
2013	1.23	350	15,893,202	4,767,961	1,589,320
2014	1.26	350	16,362,052	4,908,615	1,636,205
2015	1.30	350	16,844,732	5,053,420	1,684,473
2016	1.34	350	17,341,652	5,202,496	1,734,165
2017	1.38	350	17,853,230	5,355,969	1,785,323
2018	1.42	350	18,379,901	5,513,970	1,837,990
2019	1.46	350	18,922,108	5,676,632	1,892,211
2020	1.50	350	19,480,310	5,844,093	1,948,031
2021	1.55	350	20,054,979	6,016,494	2,005,498
2022	1.59	350	20,646,601	6,193,980	2,064,660
2023	1.64	350	21,255,676	6,376,703	2,125,568
2024	1.69	350	21,882,718	6,564,815	2,188,272
2025	1.74	350	22,528,258	6,758,478	2,252,826
2026	1.79	350	23,192,842	6,957,853	2,319,284
2027	1.84	350	23,877,031	7,163,109	2,387,703
2028	1.90	350	24,581,403	7,374,421	2,458,140
2029	1.95	350	25,306,555	7,591,966	2,530,655
2030	2.01	350	26,053,098	7,815,929	2,605,310
Total TOT for General Fund					\$38,589,414

Table 11

MILPITAS TRANSIT AREA: NEW CFD ASSESSMENTS FROM NEW HOUSING DEVELOPMENT**Alternative B: 5,500 Housing Units & \$350 CFD****Inflation Rate = 2.95%**

<u>Year</u>	<u>Inflation Index</u>	<u>New Housing Units</u>	<u>Annual per Unit Assessment \$350</u>
2006	1.00		
2007	1.03		
2008	1.06	289	107,278
2009	1.09	578	220,885
2010	1.12	868	341,102
2011	1.16	1,157	468,220
2012	1.19	1,446	602,540
2013	1.23	1,735	744,378
2014	1.26	2,024	894,060
2015	1.30	2,314	1,051,926
2016	1.34	2,603	1,218,327
2017	1.38	2,892	1,393,631
2018	1.42	3,158	1,566,716
2019	1.46	3,424	1,748,799
2020	1.50	3,613	1,899,627
2021	1.55	3,801	2,057,832
2022	1.59	3,990	2,223,717
2023	1.64	4,179	2,397,599
2024	1.69	4,368	2,579,805
2025	1.74	4,556	2,770,675
2026	1.79	4,745	2,970,561
2027	1.84	4,934	3,179,829
2028	1.90	5,123	3,398,858
2029	1.95	5,311	3,628,043
2030	2.01	5,500	3,867,792
Total CFD Assessments for General Fund			\$41,332,203

Table 12

MILPITAS TRANSIT AREA: ADDITIONAL MUNICIPAL SERVICE COST
Alternative B: 5,500 Housing Units & \$350 CFD

Inflation Rate = 2.95%

<u>Year</u>	<u>Inflation Index</u>	<u>New Population from Housing</u>	<u>Net New Employees</u>	<u>Total Resident Cost at Per \$571</u>	<u>Total Employee Cost at Per \$161</u>	<u>Total New Service Cost</u>
2006	1.00					
2007	1.03					
2008	1.06	744		450,649		450,649
2009	1.09	1,489	-110	927,887	-19,425	908,462
2010	1.12	2,233	602	1,432,890	109,262	1,542,152
2011	1.16	2,978	549	1,966,880	102,568	2,069,448
2012	1.19	3,722	951	2,531,129	182,820	2,713,949
2013	1.23	4,466	1,003	3,126,956	198,445	3,325,401
2014	1.26	5,211	1,054	3,755,735	214,832	3,970,567
2015	1.30	5,955	1,106	4,418,890	232,013	4,650,904
2016	1.34	6,699	1,706	5,117,904	368,491	5,486,395
2017	1.38	7,444	1,758	5,854,313	390,855	6,245,168
2018	1.42	8,137	1,810	6,588,420	414,217	7,002,637
2019	1.46	8,831	1,861	7,360,744	438,618	7,799,362
2020	1.50	9,315	1,913	7,993,846	464,097	8,457,943
2021	1.55	9,800	1,965	8,657,895	490,699	9,148,593
2022	1.59	10,285	2,016	9,354,166	518,466	9,872,631
2023	1.64	10,769	2,068	10,083,982	547,444	10,631,426
2024	1.69	11,254	2,120	10,848,717	577,681	11,426,398
2025	1.74	11,739	2,172	11,649,796	609,225	12,259,021
2026	1.79	12,224	2,223	12,488,698	642,127	13,130,825
2027	1.84	12,708	2,275	13,366,956	676,441	14,043,397
2028	1.90	13,193	2,327	14,286,164	712,220	14,998,384
2029	1.95	13,678	2,489	15,247,972	784,267	16,032,239
2030	2.01	14,163	2,650	16,254,094	859,945	17,114,039
Total General Fund Service Cost Impact						\$183,279,991